

**TESTIMONY SUBMITTED TO  
PLANNING AND DEVELOPMENT COMMITTEE  
REGARDING HB 5583, AN ACT CONCERNING THE PAYMENT OF REAL PROPERTY  
TAXES BY CERTAIN INSTITUTIONS OF HIGHER LEARNING AND HOSPITAL  
FACILITIES**

Stamford Hospital appreciates an opportunity to provide testimony in regarding to HB 5583, an act concerning the payment of real property taxes by certain institutions of higher learning and hospital facilities.

Stamford is opposed to HB 5583 as it fails to recognize the critically important role of nonprofit hospitals. Stamford is the only hospital in our city, and it is the cornerstone of our community – caring for everyone who comes through our doors 24 hours a day, regardless of ability to pay. The benefits of our hospitals extend well beyond our walls, as we strive to improve the health of our community and serve as an economic engine. In fact, Stamford Hospital makes a tremendous impact on the financial health of our local community and our state.

Stamford Hospital partners with the city and a number of nonprofit health and social service organizations that seek to benefit the community and improve the health and well-being of their clients. Together with our physicians, the hospital works closely with the Stamford department of health and social services to identify needs and develop programs, provide free screenings, and promote the dissemination of health information.

Stamford Hospital partners with Optimus, a federally qualified health center, to create an integrated primary care delivery network for the medically underserved population in Stamford. The hospital provides supplementary financial support to Optimus, approximately \$2.3 million each year to ensure its continued viability.

In addition to donating hundreds and thousands of dollars to local social services organizations that benefit the community, the Hospital partners with the City of Stamford and the former Stamford Housing Authority, to support the Vita Health & Wellness District, an area adjacent to the hospital that has experienced an economic decline in recent years. The *Vita* initiative seeks to improve the physical, economic and general health and wellness of the community.

The Hospital maintains records to identify and monitor the level of charity care it provides. Charges foregone for these services, based on its established rates pursuant to the requirements of the State of Connecticut, were approximately \$29 million and \$50 million for bad debt.

Stamford Hospital's provider tax is \$17.3 million per year; In FY 2012 the increase in the Disproportionate Share Reimbursement (DSH) matching funds provided by the Federal government almost fully offset the tax, with the expectation that as DSH payments were reduced as part of the ACA, the tax would also be reduced.

However, in 2013, the combination of the provider tax of \$17.3 million and a fifty percent (50%) reduction in DSH reimbursement resulted in an \$8 million negative impact for Stamford Hospital. The State changed its mind and made the decision to leave the tax in place (to fill budget holes) while DSH funds decreased.

In FY 2014, the hardship created by the hospital tax is even greater due to the elimination of DSH payments, resulting in a projected \$15 million loss of income. In FY 15, the impact is projected to be a negative \$19 million. As a percent of our FY2012 operating income (the last year the tax was fully offset by increased DSH payments), the net impact of the tax and reduced DSH payments represents an effective tax rate of approximately 75%, far above the tax rate assessed on “for profit” companies.

As the largest employer in the City of Stamford, our Hospital provides 2,200 full-time jobs and over \$224 million each year on staff salaries. Hospital payroll expenditures serve as an important economic stimulus, creating and supporting jobs throughout the local and state economies. The Hospital also spends millions on the purchase of supplies and food, as well as facility construction. These dollars have a “ripple effect” as they move through the larger economy, generating additional jobs and spending in our community, as well as large sums of tax revenue used to fund state and federal programs. Stamford Hospital is also a major purchaser of goods and services needed to provide healthcare, such as medical supplies, electricity, and food for patients. Funds spent to buy goods and services flow from the hospital to businesses and then ripple throughout the economy. Last year, Stamford Hospital had a direct economic impact on our community of more than \$900 million.\*

In addition, Stamford Hospital spends millions to maintain our facilities and equipment, also generating additional millions in local economic activity each year. Currently, Stamford Hospital is in the middle of a \$450 million hospital and campus redevelopment project, generating hundreds of construction jobs.

Finally, Connecticut, like the rest of the nation, enacted the property tax exemption for hospitals in recognition of their critically important role in the community. It is our hope that the state will keep the current tax exemption and *PILOT* funding structure in place. Connecticut enacted the *PILOT* program to support cities and towns. We understand municipalities are under financial strain, and we applaud the Governor’s efforts to increase funding to the *PILOT* program, which will provide them with additional needed relief.

**\*Source: Connecticut Hospitals: Improving Community Health, Strengthening Connecticut’s Economy, Connecticut Hospital Association:**

*NOTE: This analysis is based on the statewide multipliers from the Regional Input-Output Modeling System (RIMS II), developed by the Bureau of Economic Analysis of the U.S. Department of Commerce. It uses data from the 2012 Medicare cost report. RIMS II provides an accounting of “inputs” purchased and “outputs” sold by an industry in the state. The spending of one industry will have several rounds of ripple influence throughout the state economy—this is known as the multiplier effect. RIMS II regional multipliers measure both the direct and indirect impact on the state economy from a specific industry.*